

# Storm Sewer Operating Fund

## M I S S I O N

**T***o provide for the acquisition, reconstruction, maintenance, and operation of the Storm Sewer system. Services provided through this fund are:*

- *Storm sewer maintenance and administration; and*
- *Storm sewer improvements*

# Storm Sewer Operating Fund

## Budget Summary

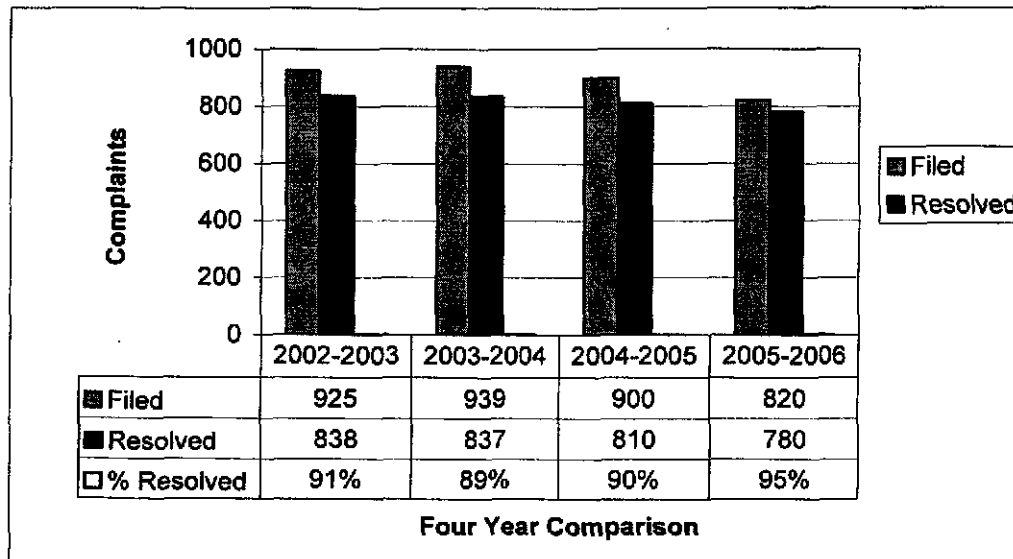
	2005-2006 Adopted	2006-2007 Adopted	Change
Storm Sewer Maint. and Admin.	\$ 14,176,554	\$ 16,189,544	14.2%
Storm Sewer Improvements	\$ 2,025,000	\$ 1,925,000	(4.9%)

## Budget Highlights 2006-2007

- ☐ The second year of a Council-approved three-year rate increase strategy, increasing Storm Sewer Charges by 4.5% for 2006-2007 to provide adequate funding to meet regulatory requirements, operate the storm sewer system, and maintain a modest capital improvement program is included.
- ☐ In the departments of Transportation and Environmental Services, increased funding was approved to support the operation and maintenance of required stormwater treatment measures located in the public right-of-way and for stormwater programs and services needed to protect water quality and ensure compliance with the permit.

## Budget Byte

### Urban Runoff Program Illicit Connection and Illegal Dumping Enforcement



# Storm Sewer Operating Fund

## Fund Overview

**T**he Storm Sewer Operating Fund was established to improve the quality of the City's storm and surface water runoff and to meet the costs of the increasing federal, State, and regional regulatory requirements. Expenditures in the Storm Sewer Operating Fund support Pollution Control, System Maintenance and Operations, Storm Sewer Improvements, and Administrative Services. In order to protect water quality in local streams and the South San Francisco Bay, the National Pollutant Discharge Elimination System (NPDES) Storm Water permit requires the City to implement pollution prevention activities and controls to prevent pollutants from entering the storm sewer collection system.

Virtually all of the Storm Sewer Operating Fund's revenue is generated by fees collected from residents and businesses. Rates are calculated based on the relative quality and quantity of storm water runoff contributed by residential, commercial, and industrial properties.

Long-range projections reflect increased permit compliance costs and an aging storm sewer infrastructure that will require increased rehabilitation. In order to fund these escalating costs, additional rate increases are needed. As a result, the second year of a three-year rate strategy of annual increases up to 4.5% was approved. This rate increase strategy was given conceptual approval by the Council as part of the 2005-2006 Adopted Operating Budget. This increase will allow the continuation of a modest capital improvement program and ensure adequate funds to address current regulatory requirements. For 2006-2007, the approved increase will raise the annual single-family residential rate by \$2.16 from \$47.88 to \$50.04.

The Departments of Environmental Services, Public Works, and Transportation are primarily responsible for maintenance and construction of the storm sewer system, as well as pollution prevention activities. Other departments' activities, such as those of General Services and Planning, Building and Code Enforcement are also affected by the stormwater permit requirements.

The current five-year NPDES Stormwater permit was approved in February 2001, but strict requirements for new development and redevelopment were added in October 2001 and became effective in October 2003 with full implementation of the more stringent "C.3" requirements in 2005. Current negotiations are in process with the Regional Water Quality Control Board for a new permit to be issued in 2006-2007 with more stringent and costly requirements. The Departments of Public Works, Environmental Services, and Planning, Building and Code Enforcement have been working together to address these additional requirements and will continue to augment or develop the steps needed to expand implementation as required in the permit.

For 2006-2007, several budget adjustments were approved to enable the Environmental and Utility Services CSA to better address these regulatory requirements. In the Department of Environmental Services, a new position was approved to address the increased demands of implementing the "C.3" NPDES Stormwater permit provisions and additional funds were approved to support stormwater control measures and programs. In addition, in support of permit compliance, funding was approved for: 1) mapping and spatial adjustment of the storm drain inlets and outlets for maintenance needs and in

# Storm Sewer Operating Fund

## Fund Overview (Cont'd.)

anticipation of mandatory permit requirements; 2) implementation of targeted activities aimed at reducing trash in local waterways; 3) implementation of a pest management pilot program; and 4) technical evaluation studies to evaluate strategies for stormwater management for anticipated expanded monitoring requirements.

Total expenditures for pollution control efforts related to the NPDES permit have seen moderate increases despite the implementation of new requirements under the permit. Despite increased regulations imposed by the State, the level of San José's financial contribution to the Santa Clara Valley Urban Runoff Pollution Prevention Program decreased 10% in 2005-2006 from the prior year expenditures. However, program fees are anticipated to rise when the new permit is issued in late 2006 with increased regulatory requirements.

Other approved additions include \$120,000 to continue the expansion of parking prohibitions on street sweeping days and raise the level of cleanliness of City streets. The expansion will enable the Department of Transportation to identify and install 40 additional curb miles of signage.

In 2005-2006, the capital program focus shifted from large infrastructure needs to minor improvements that addressed localized drainage problems in neighborhoods. The 2006-2007 transfer to the Storm Sewer Capital Fund, originally estimated at \$1.275 million in the 2006-2010 Adopted Capital Improvement Program (CIP), was approved to increase by \$650,000 to continue the storm pump station rehabilitation and replacement program, outfall rehabilitation, and fund minor storm drain improvements along special corridors to address drainage issues in public areas.

## Fund Summary

	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Adopted 3	% Change (2 to 3)
<b>Dollars by Sources</b>				
Beginning Fund Balance	\$ 4,479,050	\$ 3,384,180	\$ 3,740,084	10.5%
Assessments	14,636,719	15,158,529	15,880,264	4.8%
Interest and Other	72,894	43,893	47,446	8.1%
<b>Total</b>	<b>\$ 19,188,663</b>	<b>\$ 18,586,602</b>	<b>\$ 19,667,794</b>	<b>5.8%</b>
<b>Dollars by Uses</b>				
Storm Sewer Maint. & Administration	\$ 11,728,779	\$ 14,176,554	\$ 16,189,544	14.2%
Storm Sewer Improvements	2,528,000	2,025,000	1,925,000	(4.9%)
Ending Fund Balance	4,931,884	2,385,048	1,553,250	(34.9%)
<b>Total</b>	<b>\$ 19,188,663</b>	<b>\$ 18,586,602</b>	<b>\$ 19,667,794</b>	<b>5.8%</b>

## Storm Sewer Operating Fund

### Budget Category: Storm Sewer Maintenance and Administration

#### Budget Category Overview

**T**his category of program costs includes funding for Storm Sewer System Maintenance, Pollution Control, and Administrative Services. System Maintenance is performed by the Transportation and Public Works Departments to repair damaged storm sewer pipes and maintain the system infrastructure. The Pollution Control category

includes the cost of efforts to ensure City compliance with the NPDES Stormwater Permit requirements. Administrative Services includes support services provided by various City departments, overhead to the General Fund, fees charged by the County for collecting assessments, and loan repayments.

#### Budget Category Summary

Storm Sewer Maintenance and Administration	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Adopted 3	% Change (2 to 3)
System Maintenance	\$ 2,464,213	\$ 2,902,577	\$ 2,860,709	(1.4%)
Pollution Control	7,693,157	9,091,899	10,318,275	13.5%
Administrative Services	1,571,409	2,182,078	3,012,560	38.1%
<b>Total</b>	<b>\$ 11,728,779</b>	<b>\$ 14,176,554</b>	<b>\$ 16,189,544</b>	<b>14.2%</b>

Three major factors impact the costs of programs supported by this fund: 1) aggressive pollution control programs mandated by the City's NPDES Stormwater Permit; 2) the increasing age of the storm sewer system, which results in higher maintenance costs and a growing need for replacement and rehabilitation; and 3) the extent of the system's growth due to new development construction.

The increased costs in the 2006-2007 Adopted Budget result from several key additions, including funding to support stormwater trash removal activities and the Integrated Pest Management Pilot Program, stormwater

control measures and assessments, and the addition of one position to provide additional permit-compliance activities, especially those related to the "C.3" stormwater permit requirement for post-construction treatment control measures for major projects. The first year of a multi-year project to map storm drain inlets and outlets will improve service and prepare for the anticipated regulatory requirements by storing information into GIS. Finally, in order to improve neighborhood cleanliness, a fourth year of funding was approved for the expanded parking enforcement program on street sweeping days.

# Storm Sewer Operating Fund

## Budget Category: Storm Sewer Maintenance and Administration

### Budget Category Summary (Cont'd.)

The following changes were approved in 2006-2007 in the System Maintenance, Pollution Control, and Administrative Services allocations:

Adopted Allocation	2005-2006 Adopted	Change	2006-2007 Adopted
<b>System Maintenance</b>	<b>\$ 2,902,577</b>	<b>\$ (41,868)</b>	<b>\$ 2,860,709</b>
The change in the System Maintenance program reflects base increases in system maintenance control and street sweeping personal services (\$2,884) and Public Works personal services (\$1,802). Those increases were offset by a decrease in Department of Transportation personal services costs due to a street sweeping staffing change and funding split (\$16,017) and a base decrease in Department of Transportation non-personal/equipment services (\$30,537).			
<b>Pollution Control</b>	<b>9,091,899</b>	<b>1,224,376</b>	<b>10,316,275</b>
The change in the Pollution Control program reflects the following approved increases: one time funding for pesticide reduction and trash removal and prevention activities in coordination with the Departments of Transportation, Parks, Recreation and Neighborhood Services, and General Services (\$200,000); funding to support the Consolidated Utility Billing System project (\$47,944); in the Department of Transportation, stormwater control measures required by the stormwater permit (\$41,250) and expanded street sweeping enforcement (\$32,853); and in the Environmental Services Department: an addition for mapping and spatial adjustments to storm drain inlets and outlets in coordination with the Public Works Department (\$150,000), the addition of an Environmental Services Specialist to implement pollution prevention strategies in support of the stormwater permit requirements (\$91,807), and consultant services for studies that support stormwater management and permit development (\$50,000). Base increases and benefit cost increases in the Department of Transportation, Environmental Services Department, Department of Public Works, and the Department of Planning, Building and Code Enforcement (\$610,522) are included in this category.			
<b>Administrative Services</b>	<b>2,182,078</b>	<b>830,482</b>	<b>3,012,560</b>
The change in the Administrative Services program reflects increases in overhead costs (\$406,124), the first payment of the Consolidated Utility Billing System (C-UBS) commercial paper repayment (\$200,696), base increases and C-UBS expenses for Information Technology Department (\$200,898), occupancy cost increases (\$126,255), increases in fees associated with the collection of revenues by the County of Santa Clara (\$4,124) and increases in Workers' Compensation Claims payments (\$2,657). Those increases were partially offset by a shift of the Contingency Reserve (\$100,000) and a (\$10,272) reduction to General Services Department costs.			
<b>Total Storm Sewer Maintenance and Administration</b>	<b>\$ 14,176,554</b>	<b>\$ 2,012,990</b>	<b>\$ 16,189,544</b>

## Storm Sewer Operating Fund

### Budget Category: Storm Sewer Improvements

#### Budget Category Overview

**T**he Storm Sewer Improvements Program consists of capital projects designed to construct storm sewer systems to convey surface runoff in the City's Urban

Service Area to adjacent stream channels and to enhance existing storm sewer capacity and improve operations.

#### Budget Category Summary

	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Adopted 3	% Change (2 to 3)
Storm Sewer Improvements				
Transfer to Capital Fund for Storm Sewer Improvements	\$ 2,528,000	\$ 2,025,000	\$ 1,925,000	(4.9%)
<b>Total</b>	<b>\$ 2,528,000</b>	<b>\$ 2,025,000</b>	<b>\$ 1,925,000</b>	<b>(4.9%)</b>

The following change was approved in the Transfer to Capital Fund for Storm Sewer Improvements allocation in 2006-2007:

Adopted Allocation	2005-2006 Adopted	Change	2006-2007 Adopted
Transfer to Capital Fund for Storm Sewer Improvements	\$ 2,025,000	\$ (100,000)	\$ 1,925,000

Storm Sewer Improvements funding is transferred from the Storm Sewer Operating Fund to the Storm Sewer Capital Fund to support improvements to the existing storm sewer system. The amount originally programmed in the 2006-2010 Adopted CIP for 2006-2007 was \$1,275,000. An increase to this transfer in the amount of \$650,000 was approved. Included in this amount is \$350,000 for storm drain improvements and \$300,000 for outfall rehabilitation.

Total Storm Sewer Improvements	\$ 2,025,000	\$ (100,000)	\$ 1,925,000
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